



## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

**2005-06**

(session year)

**Senate**

(Assembly, Senate or Joint)

**Committee on Judiciary, Corrections and  
Privacy...**

### **COMMITTEE NOTICES ...**

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### **INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

## Senate

## Record of Committee Proceedings

## Committee on Judiciary, Corrections and Privacy

## Senate Bill 690

Relating to: sale of Olympic Ice Training Center and making an appropriation.  
By Senator Plale; cosponsored by Representatives Gunderson and Staskunas.

April 28, 2006

Referred to Committee on Judiciary, Corrections and Privacy.

May 1, 2006

**PUBLIC HEARING HELD**

Present: (5) Senators Zien, Roessler, Grothman, Taylor and  
Risser.

Absent: (0) None.

### Appearances For

- Ted Kanavas, Madison — Senator, 33rd Senate District
- Michael Bruhn — Office of Rep. Scott Gunderson
- Craig Barkelow — WI State Fair Park Board
- Jennifer Gonda, Milwaukee — City of Milwaukee
- Cindy Yomanlas — Pettit Center
- Charles Henderson — Pettit National Ice Center
- Pat O'Brien, Brookfield — Pettit Ice Center, Milwaukee Development Corp
- Casey FitzRandolph, Madison
- Katie Traver, Fitchburg — Wisconsin Speedskating

### Appearances Against

- None.

### Appearances for Information Only

- Peter Maternowski — Wisconsin Building Commission

## Registrations For

- Tony Staskunas — Rep., 15th Assembly District

### Registrations Against

- None.

May 1, 2006

## EXECUTIVE SESSION HELD

Present: (5) Senators Zien, Roessler, Grothman, Taylor and  
Risser.

Absent: (0) None.

Moved by Senator Roessler, seconded by Senator Risser that  
**Senate Bill 690** be recommended for passage.

Ayes: (5) Senators Zien, Roessler, Grothman, Taylor  
and Risser.

Noes: (0) None.

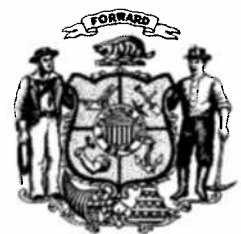
PASSAGE RECOMMENDED, Ayes 5, Noes 0

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Kimber Liedl  
Committee Clerk



# WISCONSIN STATE LEGISLATURE





# Wisconsin State Fair Park

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**DATE:** May 1, 2006

**TO:** Members of the Senate Committee on Judiciary, Corrections, and Privacy

**FROM:** Martin Greenberg, Chairman  
Wisconsin State Fair Park Board

**SUBJECT:** Expression of Support for Senate Bill 690

I would like to convey Wisconsin State Fair Park Board's support for Senate Bill 690. This bill authorizes a sale of the Olympic ice training center located on the Wisconsin State Fair Park grounds to Pettit National Ice Center, Inc. (a Wisconsin 501(c)(3) nonprofit corporation that has leased the building from State Fair Park and operated the Olympic ice training center since it was constructed in 1992). The Pettit National Ice Center Board and many of the Olympic medal winners that have trained at the facility will assuredly contact you to discuss the importance of the Pettit Center to the Milwaukee region and the State overall as well the necessity of the sale to ensure the future of its operations. I would like to tell you how this bill will benefit Wisconsin State Fair Park and the State of Wisconsin.

## **Background**

The development of an Olympic ice training center was not a Wisconsin State Fair Park Board initiative but rather that of a private nonprofit group. The State agreed to locate the facility on State Fair Park grounds and finance the portion of construction costs not funded by contributions. Section 42.11(1) Wis. Stats., assigns responsibility for the Olympic ice training center, including debt service, to State Fair Park. However, there never was any intention of requiring State Fair Park to subsidize the operation. In fact, s. 42.11(3) Wis. Stats., requires State Fair Park to ensure that all costs of operations and building maintenance are paid by the Lessee.

## **Selling the Pettit Center Would Eliminate Future Debt Service Subsidies**

A feasibility study concluded that an Olympic ice training center could only generate sufficient revenue to cover operational costs. Before the Pettit Center was approved for construction, it was known that operations would not be able to fund debt service. That conclusion has proven correct. Although Pettit National Ice Center, Inc., has struggled to pay almost 8.4 million of lease charges (which are based on annual debt service costs), it has fallen behind on lease payments since 2001. Currently, more than \$1.3 million is owed in past-due lease charges. If no additional payments are received this fiscal year, the amount owed the Park could exceed \$1.5 million by June 30, 2006. Going forward, Pettit National Ice Center, Inc., has the ability to support about \$25,000 per month in debt service. This is at least \$50,000 less than current debt service costs. A sale would allow State Fair Park to avoid involuntary annual debt service subsidies of \$600,000 for the next seven years.

## **Selling the Pettit Center Would Eliminate Cost Subsidies Allowed Under the Lease**

Although statutes require the lease to recover payments for operational and maintenance costs, the lease, which was negotiated and signed by the Department of Administration, does not require reimbursement for municipal fees (police and fire services), building and equipment repairs, and grounds maintenance. To date, State Fair Park has paid in excess of \$1.0 million in total for these and other costs that are not required to be reimbursed under the lease. A sale would allow State Fair Park to avoid future annual costs of \$90,000 or more.

## **Selling the Pettit Center Would Eliminate Subsidies for Future Capital Improvements**

While repairs noted above have cost State Fair Park an average of \$15,000 a year, the real concern is future building and equipment improvements. The lease requires State Fair Park to fund all equipment and building improvements to the Pettit Center. It is a special use facility and at 14 years old, could soon require some very expensive replacements of ice

making\cooling equipment for the two ice rinks and the large oval as well as improvements to the building structure. The contract includes a mechanism to recover the millions that would be involved in improvements over the automatic extension period available to Pettit National Ice Center, Inc. However, based on existing capabilities, there is no reason to believe Pettit National Ice Center, Inc., will be able to make these payments leaving State Fair Park and the State of Wisconsin further at risk.

#### **Selling the Pettit Center Would Allow State Fair Park to Pay Down Its Deficit Owed to the State**

At June 30, 2006, State Fair Park's deficit is expected to be approximately \$12.0 million. A sale would help stabilize State Fair Park and allow it to systematically reduce its reliance on state funds to operate. One million of the sale price would reimburse State Fair Park for past-due rents owed to it. The \$1.0 million would go directly to reducing State Fair Park's deficit and limit its need for state cash to operate. After seven years of losses, in fiscal year 2006-07, State Fair Park will begin generating surpluses again. State Fair Park's profits will pay down at least \$500,000 each year until its deficit is eliminated and cash support from the State is no longer necessary.

A majority of the sale's price will be paid by Pettit National Ice Center, Inc. These funds will be used to make remaining debt service payments as they become due. State funding may only become necessary after these funds are depleted in approximately five years. While the bill includes up to \$2.0 million of GPR support (in present value terms) to facilitate a sale, by the time state funding becomes necessary, State Fair Park will have reduced its deficit and its reliance on state funding by \$3.5 million or more.

#### **Selling the Pettit Center Is Not the Preferred Solution But Is the Best Available Alternative**

Before considering a sale of state property, the Wisconsin State Fair Park Board considered many other options. For example: State Fair Park considered:

- refinancing the GO Bonds as a means to stretch debt service payments over a longer period, but the bonds had already been refinanced to the extent allowable under the law;
- restructuring the lease and lowering lease charges, but its deficit financial condition did not make absorbing \$700,000 or more of annual cash shortfalls practical; and
- transferring responsibility for the lease to the State making it liable if Pettit National Ice Center, Inc., could not fully pay lease charges. However, this was viewed as only eliminating State Fair Park's problem and not addressing the fundamental financial problems associated with operating the Pettit Center.

A sale would provide benefits to all involved. State Fair Park and the State's financial risks associated with owning a building in which an Olympic ice training center operates would be limited by \$700,000 or more each year. A sale document would include a restriction as to use, which would ensure that the Pettit Center would continue to operate as an Olympic ice training center. It would also include a cross-easement for parking. State Fair Park would have access to two-thirds of the Pettit Center's parking spots (approximately 225) for the 11 days of the State Fair. Similarly, the Pettit Center would have access to 225 of State Fair Park's parking spots for 11 days of its events throughout the year. The Wisconsin State Fair Park Board would have the right to approve any leasing of the Pettit Center operations, building or property. Further, if the Pettit National Ice Center, Inc., wishes to sell the building at some point in the future, the State retains an option to reacquire the property at a price similar to that paid.

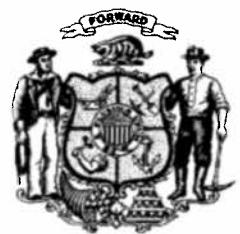
A sale would allow the Pettit National Ice Center, Inc., to lower monthly costs by obtaining capital financing and spreading payments over fifteen or more years. Contributors would be happier investing in a building that Pettit National Ice Center, Inc owned rather than one owned by the State and Wisconsin. Wisconsin citizens would continue to have claim to as well as access to one of a very few Olympic training centers in the country.

If you would like to discuss this, please contact me at (414) 271-4849 or call Craig Barkelar, State Fair Park's Deputy Director and CFO at (414) 266-7011. We would be happy to come to Madison to speak with you in person.

Thank you for your consideration.



# WISCONSIN STATE LEGISLATURE





# **ANTHONY J. STASKUNAS**

**STATE REPRESENTATIVE • 15TH ASSEMBLY DISTRICT**

**Statement of Rep. Tony Staskunas  
Senate Bill 690  
Committee on Judiciary, Corrections and Privacy  
May 1, 2006**

I am a co-sponsor and supporter of Senate Bill 690, a proposal to authorize a sale of the Pettit Center building, in the State Fair Park grounds to the Pettit National Ice Center nonprofit corporation.

Mr. Greenberg's April 24, 2006 memo in support of SB 690 provides you with the important details for why this proposal is needed. Therefore, I will not review all of his specific comments. I would, however, like to emphasize a few points for you to consider as you review Senate Bill 690.

This proposal is important to the State Fair Park because it will stop the debt for the Pettit National Ice Center from continuing to increase. The Pettit is currently not able to cover their monthly lease charges, therefore, our state's debt increases every month this issue is not resolved.

Additionally, Senate Bill 690, by authorizing a sale of the Pettit Center, would facilitate paying back the state for the current debt of more than \$1.3 million.

This bill would also prevent future deficits for our state as a result of needed capital improvements. My biggest concern for the future at the Pettit Center if SB 690 does not pass, is that a major piece of equipment will need to be repaired or replaced. This facility is fourteen years old. The equipment and the building are aging and getting to the point where major repairs or replacements are imminent.

Considering that the State Fair Park has been covering these financial losses for so long, I believe it is time to allow the Pettit National Ice Center to buy the facility and improve the financial situation for them and for State Fair Park.

Thank you for your time and for your consideration of this important proposal. Please feel free to contact me if you have any questions regarding Senate Bill 690.

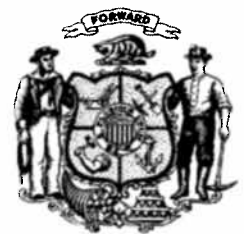
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# WISCONSIN STATE LEGISLATURE



**Liedl, Kimberly**

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**From:** Barkelar, Craig [craig.barkelar@sfp.state.wi.us]  
**Sent:** Tuesday, May 02, 2006 7:47 AM  
**To:** Sen.Zien; Sen.Roessler; Sen.Grothman; Sen.Risser; Sen.Taylor  
**Subject:** SB 690 / AB 1191  
**Importance:** High

**Dear Members of the Senate Committee on Judiciary, Corrections and Privacy:**

**Thank you for considering SB 690 yesterday. The questions and concerns raised about a sale of the Olympic ice training center were thoughtful and appropriate. This legislation is important to the future financial health of the State Fair and the future of the Pettit National Ice Center.**

**As the numbers guy, I felt compelled to stress the economic advantages of the proposal yesterday. If time allowed, I would have noted another significant factor. While working at the Legislative Audit Bureau, all my work wasn't financial. I spent ten years evaluating the management of state programs and programs that received state funding. Over the past two years, since Cindy Yomantis became director, the programming and operations at the center have improved dramatically. Her involvement makes investing state resources in the center viable.**

**If you or anyone has a question on SB 690 and AB 1191, please contact me at (414) 303-4961. I will make every effort to ensure adequate information is available to evaluate legislation authorizing a sale of the Olympic ice training center.**

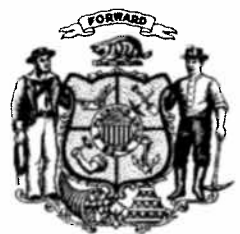
**Thank you again!**

**Craig Barkelar, Deputy Director\CFO  
Wisconsin State Fair Park**

5/2/2006



# WISCONSIN STATE LEGISLATURE





**It's Not Every Four Years. It's Every Day.**

The Pettit National Ice Center keeps the Olympic spirit alive in Wisconsin. As a 501(c)3 nonprofit organization, it contributes positively to Wisconsin's youth, Wisconsin's economy and Wisconsin's international profile.

### **Wisconsin's Youth**

Each year nearly 10,000 students visit the Pettit Center as part of school field trips. During the course of our 13-year history, that means more than 100,000 Wisconsin youth have skated at the Pettit Center, most on the world famous Olympic Oval.

Where do these students come from? Certainly because of their proximity to the facility; public, private and home school students from all parts of the four-county Milwaukee area are regular Pettit Center visitors. But the unique Pettit Center facility (one of only 12 indoor Olympic Ovals in the world) also attracts organizations from all over the state. Last year alone brought groups from 65 different communities outside the four-county area including:

Appleton	Belgium	Beloit	Big Bend
Burlington	Caledonia	Campbellsport	Cedar Grove
Cleveland	Colgate	Delavan	De Pere
Dousman	Eagle	East Troy	Elkhart Lake
Elkhorn	Fond du Lac	Fort Atkinson	Franksville
Fredonia	Genoa City	Hilbert	Horicon
Hubertus	Jackson	Johnson Creek	Juneau
Kenosha	Kewaskum	Lake Geneva	Lake Mills
Lannon	Lowell	Madison	Mayville
Milton	Mineral Point	Nashotah	New Munster
North Prairie	Oshkosh	Palmyra	Pleasant Prairie
Racine	Rubicon	Saukville	Sheboygan
Slinger	Sun Prairie	Theresa	Trevor
Union Grove	Wales	West Bend	Whitewater
Williams Bay	Wilmot		

Importantly, the Pettit Center's field trip program is affordably priced to stay within reach of every school district's budget. Area corporations have frequently sponsored the field trip program to extend outreach opportunities.

In addition to school field trips, in the last two years a new Pettit Center initiative has attracted 14,000 Girl Scouts and Boy Scouts to the facility to skate and earn badges.

## **Wisconsin's Economy**

The Pettit Center's regular crowded rotation of hockey, figure skating, speed skating and public skating sessions contributes about \$1 million annually to the local economy from out-of town visitors. However, because the Pettit Center often also hosts major competitions, that figure frequently exceeds \$1 million.

In 2005, for instance, it's estimated the Pettit Center contributed \$2 million to the local economy. Most of that spending occurred between October and March – key competitive months for all skating sports. Historically, these are also the more challenging months for Wisconsin to generate tourism dollars, so the impact is especially sweet.

The two premier events staged at the Pettit Center in 2005 were:

- The U.S. National Short Track Championships, featuring Olympic medalist Apolo Anton Ohno with additional skaters from 33 states.
- The Essent ISU World Cup featuring speed skaters from 17 countries along with coaches, media, officials and fans.

## **Wisconsin's International Profile**

Wisconsin is the center of America's speed skating world. There's no denying the incredible accomplishments of U.S. Speedskaters at the Winter Olympics. Altogether, they've won 75 medals, more than any other Winter Games sport.

Since the Pettit Center opened, every speed skater to participate in the Winter Olympics has trained or competed in Wisconsin. That includes international icons of the sport Dan Jansen and Bonnie Blair, as well as most recent Olympic medalists Apolo Anton Ohno, Chad Hedrick, Joey Cheek and Shani Davis.

Shani, now a Gold and Silver medalist, while growing up in Chicago, regularly traveled to Milwaukee to skate at the Pettit Center. He currently holds one of the facility's Olympic Oval records. The last time Joey visited, he taught one of the Pettit Center's learn-to-speed skate classes. Now the Gold, Silver and Bronze medalist is a fixture on Wheaties boxes across the United States.

Wisconsin has always been a hotbed of speed skating. And that means young skaters who today get their start at the Pettit Center have a real chance of one day winning a medal in the Olympics. It's happened time-and-again in our history: Peter Mueller, Eric Heiden, Beth Heiden, Dan Jansen, Bonnie Blair, Chris Witty, Casey FitzRandolph and Kip Carpenter are Olympic medalists with Wisconsin connections.

Heading into the next Winter Olympics, U.S. Speedskating Managing Director Michael Crowe has identified development as the main goal of the upcoming season and that means more activity for the Pettit Center. The U.S. Junior Team will continue to reside at the Pettit Center, and the U.S. Elite Team will continue its visits to train and compete here. Now with the altitude training rooms established at the Tommy Thompson Youth Dormitory, the Pettit Center will continue to be a critical component of America's strategy to win Olympic medals.

**U.S. Olympic Speed Skaters  
All Have Trained or Competed at the Pettit Center**

**1994 OLYMPIANS AND MEDAL WINNERS -- Lillehammer**

**LONG TRACK**

- |                                  |                     |
|----------------------------------|---------------------|
| • CHANTEL BAILEY                 | • MICHELLE KLINE    |
| • DAVID BESTEMAN                 | • NATHANIEL MILLS   |
| • <b>BONNIE BLAIR – GOLD (2)</b> | • CHRISTINE SCHEELS |
| • KC BOUTIETTE                   | • KRISTEN TALBOT    |
| • PEGGY CLASEN                   | • DAVID TAMBURRINO  |
| • DAVID CRUIKSHANK               | • CHRISTINE WITTY   |
| • BRANDON EPPERT                 | • ANGELA ZUCKERMAN  |
| • <b>DAN JANSEN – GOLD</b>       |                     |

**SHORT TRACK**

- |                                 |                                      |
|---------------------------------|--------------------------------------|
| • <b>RANDY BARTZ – SILVER</b>   | • <b>AMY PETERSON – BRONZE (2)</b>   |
| • <b>KAREN CASHMAN – BRONZE</b> | • SHANA SUNDSTROM (ALT)              |
| • <b>JOHN COYLE – SILVER</b>    | • <b>CATHY TURNER – GOLD, BRONZE</b> |
| • <b>ERIC FLAIM – SILVER</b>    | • <b>NIKKI ZIEGELMEYER – BRONZE</b>  |
| • ANDY GABEL                    |                                      |
| • TONY GOSKOWICZ (ALT.)         |                                      |

**1998 OLYMPIANS -- Nagano**

**LONGTRACK**

- |                      |   |
|----------------------|---|
| • KC BOUTIETTE       | • CATHERINE RANEY                         |
| • CORY CARPENTER     | • JENNIFER RODRIGUEZ                      |
| • DAVID CRUIKSHANK   | • AMY SANNES                              |
| • MOIRA D'ANDREA     | • REBECCA SUNDSTROM                       |
| • CASEY FITZRANDOLPH | • DAVID TAMBURRINO                        |
| • KRISTIN HOLUM      | • JONDON TREVENA                          |
| • NATHANIEL MILLS    | • <b>CHRISTINE WITTY – SILVER, BRONZE</b> |
| • DEREK PARRA        |   |
| • MARC PELCHANT      |   |

**SHORT TRACK**

- |                     |                    |
|---------------------|--------------------|
| • ERIC FLAIM        | • TOM O'HARE       |
| • ANDY GABEL        | • AMY PETERSON     |
| • ERIN GLEASON      | • ERIN PORTER      |
| • JULIE GOSKOWICZ   | • RUSTY SMITH      |
| • CAROLINE HALLISEY | • CATHY TURNER     |
| • SCOTT KOONS       | • DANIEL WEINSTEIN |

## 2002 OLYMPIANS – Salt Lake City

### LONG TRACK

- KC BOUTIETTE
- **KIP CARPENTER – BRONZE**
- **JOEY CHEEK – BRONZE**
- ANNIE DRISCOLL
- **CASEY FITZRANDOLPH – GOLD**
- JASON HEDSTRAND
- ELLI OCHOWICZ
- **DEREK PARRA – GOLD, SILVER**
- NICK PEARSON
- MARC PELCHAT
- CATHERINE RANEY
- **JENNIFER RODRIGUEZ – BRONZE (2)**
- AMY SANNES
- J.P. SHILLING
- BECKY SUNDSTROM
- JONDON TREVENA
- **CHRIS WITTY – GOLD**

### SHORT TRACK

- ALLISON BAVER
- RON BIONDO
- SHANI DAVIS
- JULIE GOSKOWICZ
- MARY GRIGLAK
- CAROLINE HALLISEY
- J.P. KEPKA
- **APOLO ANTON OHNO – GOLD, SILVER**
- AMY PETERSON
- ERIN PORTER
- **RUSTY SMITH – BRONZE**
- DANIEL WEINSTEIN

## 2006 OLYMPIANS – Torino

### LONG TRACK

- KC BOUTIETTE
- KIP CARPENTER
- **JOEY CHEEK – GOLD, SILVER**
- MARGARET CROWLEY
- **SHANI DAVIS – GOLD, SILVER**
- CASEY FITZRANDOLPH
- TUCKER FREDRICKS
- **CHAD HEDRICK – GOLD, SILVER, BRONZE**
- KRISTINE HOLZER
- CHARLES RYAN LEVEILLE
- CLAY MULL
- ELLI OCHOWICZ
- DEREK PARRA
- CATHERINE RANEY
- JENNIFER RODRIGUEZ
- AMY SANNES
- J.P. SHILLING
- CHRIS WITTY

### SHORT TRACK

- ALLISON BAVER
- KIMBERLY DERRICK
- MARIA GARCIA
- MARY GRIGLAK
- CAROLINE HALLISEY
- HYU JUNG KIM
- **ALEX IZYKOWSKI – BRONZE**
- **J.P. KEPKA – BRONZE**
- **APOLO ANTON OHNO – GOLD, BRONZE (2)**
- **RUSTY SMITH – BRONZE**







# **Wisconsin State Fair Park**

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## **Summary Information on Senate Bill 690 Sale of the Olympic Ice Training Center**

**For More Information Contact:**

**Craig Barkelar, Deputy Director\CFO**  
**414.266.7011, [craig.barkelar@sfp.state.wi.us](mailto:craig.barkelar@sfp.state.wi.us)**

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## **Financial Highlights of Olympic Ice Training Center Sale**

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- 1. As part of the sale, Pettit National Ice Center, Inc., would pay all past due lease rents owed to Wisconsin State Fair Park; at least \$1,532,000.**
- 2. Pettit National Ice Center, Inc., would pay approximately \$3,517,000, which would be deposited into an interest earning bond sinking redemption fund under the State's control.**
  - Proceeds would be used to pay debt service as it becomes due. Including earned interest, Pettit National Ice Center, Inc., would fund approximately \$3,850,000 of the remaining debt service:**
    - \$876,000 in FY 2006-07;**
    - \$945,000 in FY 2007-08;**
    - \$944,000 in FY 2008-09;**
    - \$868,000 in FY 2009-10; and**
    - \$217,000 in FY 2010-11.**
- 3. A sum sufficient appropriation would be created. A draw on general purpose revenue would not occur until the Pettit National Ice Center, Inc.'s proceeds were depleted.**
  - If appropriated this fiscal year and proceeds were invested in the bond sinking redemption fund, GPR support would be \$2.0 million.**
  - However, if GPR draw doesn't begin until after proceeds from the Pettit National Ice Center, Inc., are depleted, because there would be no interest earnings, total GPR support could approximate \$2,625,000:**
    - \$650,000 in FY 2010-11;**
    - \$894,000 in FY 2011-12;**
    - \$897,000 in FY 2012-13; and**
    - \$184,000 in total over the following 12 fiscal years.**

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## **Benefits of Olympic Ice Training Center Sale**

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### **Wisconsin State Fair Park:**

- 1. Elimination of liability for future equipment and building capital improvements or replacements**
  - At age 14, millions of dollars in improvements will be needed in the foreseeable future**
- 2. Elimination of involuntary annual subsidies of \$600,000 or more**
- 3. Elimination of unreimbursed annual property costs of \$90,000 or more**

### **State of Wisconsin:**

- 1. State Fair Park would be able to reduce its deficit and reliance on state support to operate by \$1.5 million immediately and \$500,000 or more annually in subsequent fiscal years**
- 2. Before GPR is drawn, State Fair Park's reliance on state support to operate would be reduced by \$3.5 million, or \$900,000 more than the \$2.6 million GPR estimated to be needed in total over the following fifteen year period for debt service**
- 3. Wisconsin residents would continue to have claim to as well as access to one of a very few such training facilities in the world**

### **Pettit National Ice Center, Inc.:**

- 1. Ownership of the Olympic ice training center**
- 2. Fundraising becomes easier because potential supporters have been hesitant to contribute to a building owned by the State rather than the Pettit National Ice Center, Inc.**
- 3. Financing could be spread over 15 or more years, which would lower annual capital costs to an amount that operations can support**

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## **Protections Included in Sale of Olympic Ice Training Center**

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- 1. Facility use would be restricted to that of an Olympic ice training center, including hockey and other general ice rink programming.**
- 2. Wisconsin State Fair Park Board would have the right to approve any building, property, and operating leases.**
- 3. Wisconsin State Fair Park Board would have the right to use 225 parking spaces during the 11 day run of the annual State Fair.**
- 4. Wisconsin State Fair Park and its visitors would have a right to travel the road that begins on 84<sup>th</sup> Street, travels in front of the Olympic ice training center, and exits the fairgrounds onto 76<sup>th</sup> Street.**
- 5. Wisconsin State Fair Park Board would have first right to purchase the Olympic ice training center at the original sales price if Pettit National Ice Center, Inc., ever considers a sale.**
  - Intent would be to include requirements that would ensure State\State Fair Park's position would not be subordinate to anyone.**

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## **Answers to Commonly Asked Questions**

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### **1. Isn't there another, better solution?**

State Fair Park has explored many options before considering state assistance. None of the options have proven possible. For example:

- Refinancing the bonds could have spread repayment over a longer period, which would have reduced annually debt service and allowed the Pettit National Ice Center, Inc. to fund costs from operations. However, according to State Capital Finance officials, the bonds have already been refinanced to the extent allowed under law.
- The State Fair Park Board considered amending the lease to lower payments to a level that could be funded from Pettit National Ice Center, Inc. operations. However, State Fair Park's deficit condition made this alternative impractical.
- Because building the Olympic ice training center was not a State Fair Park initiative, the State Fair Park Board attempted to transfer liability for debt service directly to the State. This was not considered because the option simply transferred the risk and did not address the underlying problems.

A sale is necessary to eliminate all future liability, including that for building and equipment improvements. This is the most significant benefit of a sale. At 14 years, millions of dollars may soon be required to replace very sophisticated cooling equipment and building improvements.

### **2. Why should the public support be general purpose revenue?**

- An independent feasibility study clearly stated that an Olympic ice training center could generate sufficient revenue to fund operations but not debt service. When it approved bonding, the State knew there was a high risk of default and that it may one day become liable.
- In spite of what the feasibility study concluded, the Pettit National Ice Center, Inc., has paid \$8.4 million of debt service and would fund more than \$5.0 million in additional debt service under this proposal.
- State Fair Park has funded more than \$1.0 million of property costs, including municipal services (police and fire protection), snow plowing and lot maintenance, and minor building and equipment repairs. No more is possible. With a \$12 million deficit of its own, State Fair Park must eliminate any future losses associated with operations of other entities on the fairgrounds, such as the Milwaukee Mile, Exposition Center, and Pettit Center. Securing the future of the State Fair is the Board's only priority.
- The \$2.6 million GPR support is less than what has been taken from State Fair Park program revenue to help balance the General Fund.
- Sales tax revenue generated by State Fair Park events and paid to the State will exceed the GPR needed beginning in FY 2010-11 to fund remaining debt service.

### **3. Why should the State of Wisconsin provide all of the public support?**

The State of Wisconsin would not be alone in providing support.

- To-date, State Fair Park has funded more than \$1.0 million of property costs, including municipal services (police and fire protection), snow plowing and lot maintenance, and minor building and equipment repairs.
- The city of Milwaukee has agreed to make the property exempt from taxes, which would represent a community contribution of \$400,000 or more annually.

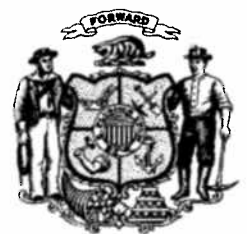
### **4. Why should State Fair Park sell the Olympic ice training center at a huge discount to the Pettit National Ice Center, Inc.?**

While a limited amount of public support would be required, all of Pettit National Ice Center, Inc.'s contributions should be considered when evaluating the transaction. In total, Pettit National Ice Center, Inc., would pay \$17.8 million for the Olympic ice training center; including:

- \$4,000,000 of the original \$13.3 million construction costs;
- \$9,950,000 of principal and interest payments;
- \$3,500,000 of the remaining \$5,500,000 payout figure; and
- \$350,000 of interest that would be earned on the \$3.5 million.



# WISCONSIN STATE LEGISLATURE





PETTIT NATIONAL ICE CENTER						
OPERATING CASH FLOW PROJECTION						
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
<b>CASH IN FLOWS (RECEIPTS)</b>						
Operating Revenues	\$ 2,056,018	\$ 2,307,000	\$ 2,272,000	\$ 2,337,000	\$ 2,537,000	\$ 2,500,000
Grants & Donations*	\$ 38,598	\$ 40,000	\$ 50,000	\$ 50,000	\$ 60,000	\$ 60,000
<b>CASH OUT FLOWS (PAYMENTS)</b>						
Cost of Sales	\$ (226,896)	\$ (300,000)	\$ (295,000)	\$ (304,000)	\$ (330,000)	\$ (325,000)
Operating Expense	\$ (1,015,496)	\$ (1,120,000)	\$ (1,060,000)	\$ (1,103,000)	\$ (1,236,000)	\$ (1,170,000)
General & Admin Expense**	\$ (330,057)	\$ (299,000)	\$ (300,000)	\$ (305,000)	\$ (313,000)	\$ (321,000)
Marketing Expense	\$ (188,039)	\$ (183,000)	\$ (185,000)	\$ (187,000)	\$ (189,000)	\$ (191,000)
Other Expenses	\$ (14,683)	\$ (15,000)	\$ (17,000)	\$ (19,000)	\$ (21,000)	\$ (23,000)
<b>NET CASH FLOWS (RECEIPTS LESS PAYMENTS)</b>	<b>\$ 319,445</b>	<b>\$ 430,000</b>	<b>\$ 465,000</b>	<b>\$ 469,000</b>	<b>\$ 508,000</b>	<b>\$ 530,000</b>
* Exclusive of Pettit Foundation annual grant contributions						
**Exclusive of Payments to State Fair Park and M&I Bank.						
<b>Projected Annual Payments for Debt (Principal &amp; Interest)</b>		<b>\$ 231,444</b>	<b>\$ 231,444</b>	<b>\$ 231,444</b>	<b>\$ 231,444</b>	<b>\$ 231,444</b>
Note: FY05 reflects actual amounts, FY06 reflects 7 mos actual amounts and 5 mos forecasted amounts.						

## PETTIT NATIONAL ICE CENTER

	FY2005	%	FY2006	%
<i>Operating Revenues</i>				
GENERAL PUBLIC	\$ 575,302	28.0%	\$ 698,937	30.3%
CONTRACT & PRIVATE RENTAL ICE	\$ 364,491	17.7%	\$ 378,058	16.4%
DEVELOPMENTAL PROGRAMS	\$ 754,763	36.7%	\$ 857,397	37.2%
SPACE RENTAL	\$ 58,186	2.8%	\$ 78,301	3.4%
MERCHANDISE SALES	\$ 46,757	2.3%	\$ 9,576	0.4%
CONCESSIONS	\$ 133,792	6.5%	\$ 137,597	6.0%
SPONSORSHIP	\$ 122,727	6.0%	\$ 147,134	6.4%
<i>Total Operating Revenues</i>	<u>\$ 2,056,018</u>	<u>100.0%</u>	<u>\$ 2,307,000</u>	<u>100.0%</u>
<i>Operating Expenses</i>				
WAGES & BENEFITS	\$ 364,147	35.9%	\$ 335,932	30.0%
REPAIRS & MAINTENANCE	\$ 40,057	3.9%	\$ 49,114	4.4%
SUPPLIES	\$ 33,852	3.3%	\$ 23,628	2.1%
UTILITIES	\$ 522,361	51.4%	\$ 664,999	59.4%
INSURANCE	\$ 49,247	4.8%	\$ 38,955	3.5%
PERSONAL PROPERTY TAXES	\$ 3,169	0.3%	\$ 3,951	0.4%
WASTE REMOVAL	\$ 2,662	0.3%	\$ 3,421	0.3%
<i>Total Operating Expenses</i>	<u>\$ 1,015,496</u>	<u>100.0%</u>	<u>\$ 1,120,000</u>	<u>100.0%</u>